

## **APPENDIX E**

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### PREVIOUSLY EXPLORED CAPITALIZATION STRATEGIES

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## Previously Explored Capitalization Strategies

Affordable Housing Trust Funds throughout the United States utilize a variety of revenue sources for funding, including:

- Bonds and Capital Funding;
- Municipal General Fund Appropriation;
- Developer Linkage Fees;
- Real estate deed and title recording fees;
- Inclusionary zoning in-lieu fees;
- Real estate transfer tax;
- Sales tax; and
- Permit fees.

The City of Missoula has previously explored numerous sources for capitalizing the City's Affordable Housing Trust Fund, including:

### **General Obligation Bonds**

In Montana, General Obligation Bonds must follow specific state-mandated provisions. The City of Missoula's Housing Team discussed utilizing GO Bonds with Dorsey & Whitney LLP. It is their opinion that an affordable housing GO Bond would not be legal under state statute.

### **Linkage & Impact Fees**

The State of Montana restricts linkage and impact fees in Montana Code. No provision in Montana Code expressly authorizes linkage fees or impact fees for affordable housing.

### **Philanthropic Donations & Community Fundraisers**

The City does not have the capacity or expertise to scale donations to a level that would effectively capitalize the Affordable Housing Trust Fund on an annual basis.

### **Affordable Housing Endowment with a Community Foundation**

City staff have coordinated with the Missoula Community Foundation and other partners to explore an affordable housing endowment. The current philanthropic climate and the capacity of partner organizations currently limit successful implementation.

**Real Estate Transfer Tax**

The Montana Constitution prohibits the state or any local government from imposing a tax on the sale or transfer of real property.

**Voluntary Real Estate Transfer Tax**

City staff explored a number of models for voluntary real estate transfer tax programs, including the Arizona Housing Fund. Missoula does not have an annual transaction volume that would create enough revenue to scale this approach.